

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:5873
ANSWERED ON:03.05.2002
REVIVAL OF SICK PUBLIC SECTOR UNDERTAKINGS
RAVINDRA KUMAR PANDEY;YEMPARALA VENKATESWARA RAO

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government have expressed concern over the failure of efforts made for revival of sick public undertakings and decided to ascertain the reasons responsible for this situation;
- (b) the number of public undertakings revived and have shown improvement as on date and the number of public undertakings included in the programme for revival of sick industries;
- (c) whether the sick undertakings had been given suggestions for better performance before their revival;
- (d) if so, the details thereof;
- (e) whether the Government have taken any positive steps to fix the responsibility on the management and officers for the failure of efforts made for the revival of sick industries; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA)

(a) Government policy is to revive potentially viable public sector undertakings. Industrial Undertakings whose net worth has eroded are referred to the Board for Industrial and Financial Reconstruction (BIFR) as per Sick Industrial Companies Act for formulation of appropriate revival packages.

The reasons for sickness are enterprise specific. However, some of the common reasons for sickness include inherited sickness in case of units taken over from the private sector, obsolete plant and machinery, outdated technology, low capacity utilisation, excess manpower, resource crunch, lack of credit worthiness, heavy interest burden, weak marketing strategies as well as managerial problems etc.

(b) As on 31.12.2001, 66 sick CPSUs were registered with the BIFR, of which 3 PSUs namely Biecco Lawrie Ltd., NERMAC and Scooters India Ltd. have been declared no longer sick. Revival schemes have been also sanctioned for 10 sick CPSUs.

(c - f) The Board of Directors of a company are fully accountable for the affairs of the company. There are various methods of fixing accountability, which include Memorandum of Understanding, periodical review of performance by the administrative and other concerned Ministries, performance appraisal through annual confidential reports, audit by statutory auditors/CAG etc.